



# House of Representatives

General Assembly

**File No. 676**

February Session, 2008

Substitute House Bill No. 5796

*House of Representatives, April 17, 2008*

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT CONCERNING ELIGIBILITY FOR THE FEDERAL SPECIFIED LOW-INCOME MEDICARE BENEFICIARY, THE QUALIFIED MEDICARE BENEFICIARY AND THE QUALIFYING INDIVIDUAL PROGRAMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (f) of section 17b-492 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2008*):

4 (f) The Commissioner of Social Services may be the authorized  
5 representative of a ConnPACE applicant or recipient for purposes of:  
6 [enrolling] (1) Enrolling in a Medicare Part D plan, [or] (2) submitting  
7 an application to the Social Security Administration to obtain the low  
8 income subsidy benefit provided under Public Law 108-173, the  
9 Medicare Prescription Drug, Improvement, and Modernization Act of  
10 2003, or (3) facilitating the enrollment in a Medicare savings program  
11 of any such applicant or recipient who elects to participate in said  
12 program. The applicant or recipient shall have the opportunity to

13 select a Medicare Part D plan and shall be notified of such opportunity  
 14 by the commissioner. The applicant or recipient, prior to selecting a  
 15 Medicare Part D plan, shall have the opportunity to consult with the  
 16 commissioner, or the commissioner's designated agent, concerning the  
 17 selection of a Medicare Part D plan that best meets the prescription  
 18 drug needs of such applicant or recipient. In the event that such  
 19 applicant or recipient does not select a Medicare Part D plan within a  
 20 reasonable period of time, as determined by the commissioner, the  
 21 commissioner shall enroll the applicant or recipient in a Medicare Part  
 22 D plan designated by the commissioner in accordance with said act.  
 23 The applicant or recipient shall appoint the commissioner as such  
 24 applicant's or recipient's representative for the purpose of appealing  
 25 any denial of Medicare Part D benefits and for any other purpose  
 26 allowed under said act and deemed necessary by the commissioner.

27 Sec. 2. (NEW) (Effective July 1, 2008) Beginning with the fiscal year  
 28 ending June 30, 2009, and for each fiscal year thereafter, the  
 29 Commissioner of Social Services shall increase income disregards used  
 30 to determine eligibility by the Department of Social Services for the  
 31 federal Specified Low-Income Medicare Beneficiary, the Qualified  
 32 Medicare Beneficiary and the Qualifying Individual Programs,  
 33 administered in accordance with the provisions of 42 USC 1396d(p), by  
 34 an amount that equalizes the income levels used to determine  
 35 eligibility for said programs with income levels used to determine  
 36 eligibility for the ConnPACE program under subsection (a) of section  
 37 17b-492 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2008	17b-492(f)
Sec. 2	July 1, 2008	New section

**HS***Joint Favorable C/R*

APP

**APP***Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>
Department of Social Services	GF - See Below

**Municipal Impact:** None

#### **Explanation**

This bill requires the Department of Social Services (DSS) to increase the income disregards for Medicare Savings Programs to income limits in effect for the ConnPACE program. This change will allow certain people currently eligible for ConnPACE (a fully state funded program) to access pharmaceuticals under the Low Income Subsidy portion of the federal Medicare Part D program.

DSS currently pays the monthly Medicare Part B premiums, co-pays and deductibles for most of the clients in the Medicare Savings Program. These costs are funded through a combination of Medicaid (50% federal/50% state) and a federal block grant under the Additional Low-Income Medicare Beneficiary (ALMB) program. It is anticipated that through an increase in the income disregard (and a related elimination of asset requirements under the Medicare Savings Programs that is assumed to be mandated by the federal government), enrollment in the Medicare Savings Programs may increase by 39,000 annually. Through a full utilization of the ALMB block grant and the federal share under Medicaid, adding these clients will result in net increased programmatic costs to the state of \$76 million. However, the state currently funds these Part B costs through a federal revenue offset. As such, these costs would be reflected as a reduction in federal revenue of \$38 million.

This revenue loss will be offset by the elimination of the ConnPACE costs for up to 20,700 clients who may choose to move to the Medicare Savings Program. The ConnPACE savings is estimated to be \$35 million annually. Therefore, it is estimated that the eligibility changes in this bill, by shifting current state-only costs to a combination of federal and state funds, will have a net state cost of approximately \$3 million annually. These savings and revenue impacts are reflected in sHB 5021 (the budget bill, as reported by the Appropriations Committee).

DSS may incur additional administrative expenses related to the initial transfer of people from the ConnPACE program to the Medicaid Savings Program. It is anticipated that the ongoing eligibility process after the initial transfer can be handled within the eligibility resources currently dedicated to the ConnPACE program.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 5796*****AN ACT CONCERNING ELIGIBILITY FOR THE FEDERAL SPECIFIED LOW-INCOME MEDICARE BENEFICIARY PROGRAM, THE QUALIFIED MEDICARE BENEFICIARY PROGRAM AND THE QUALIFYING INDIVIDUAL PROGRAM.*****SUMMARY:**

Beginning July 1, 2008, this bill requires the Department of Social Services (DSS) to increase the amount of income it disregards when determining an individual's eligibility for the Medicare Savings Program (MSP). The disregard amount must effectively move the person's income level up to the level that applies in the Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE) program. By equalizing the income levels, the bill enables more people to qualify for the MSP which, consequently, automatically makes them eligible for Medicare Part D low-income subsidies.

The current ConnPACE income limits are \$23,700 and \$31,900 for single and married participants, respectively. The MSP consists of three tiers of benefits, each with its own income eligibility criteria, and the most generous benefit going to individuals with the lowest incomes. It is unclear whether federal law permits the state to have a single income limit for all three tiers, which the bill appears to require.

The bill also permits the DSS commissioner to act as the authorized representative of a ConnPACE applicant or recipient for purposes of facilitating that person's enrollment in an MSP, when he or she elects to be in that program.

EFFECTIVE DATE: July 1, 2008

**BACKGROUND*****Medicare Savings Program (MSP)***

The federal MSP consists of three separate programs: the Qualified Medicare Beneficiary (QMB), the Specified Low-Income Beneficiary (SLMB), and the Qualified Individual (QI). People qualifying for these programs get help (from the state's Medicaid program) with their Medicare cost sharing, including premiums and deductibles, if they are enrolled in Medicare Part A. Table 1 lists each program, its federally prescribed financial eligibility criteria, and the coverage in Connecticut.

**Table 1: Medicare Savings Programs**

<i>Programs</i>	<i>Financial Eligibility in 2008 (for single person)</i>	<i>Coverage</i>
Qualified Medicare Beneficiary (QMB)	Income: 100% of federal poverty level (FPL) (\$867.66 per month); Assets: less than \$4,000	Medicare Part A premiums, deductibles, and coinsurance; Part B premiums and deductibles
Specified Low-Income Beneficiaries (SLMB)	Income: 100-120% of FPL (\$867.66 to \$1,040 monthly)  Assets: less than \$4,000	Medicare Part B premiums
Qualified Individual (QI)*	Income: 120-135% of FPL (\$1,040 to \$1,170 monthly)  Assets: No test	Medicare Part B premium

\*States have a limited amount of money from which they pay on a first-come, first-served basis.

Currently, when determining income eligibility for any of the MSP programs, DSS disregards the first \$241 of unearned income (indexed annually). (Disregards are also taken for earned income.) In addition, DSS disregards the Social Security cost-of-living adjustment for January through March. (This is to comply with a federal requirement since the federal poverty levels are not adjusted until April 1. It ensures that people whose income is at the limit do not lose their eligibility solely due to the COLA.)

Federal law allows states to recover benefits paid from the estates of QMB recipients and Connecticut does this. States that do estate recovery may not require individuals who may be eligible for the QMB program to apply for it.

### ***ConnPACE Eligibility***

For Medicare-eligible individuals, the ConnPACE program essentially provides “wrap-around” coverage for individuals with Medicare Part D plans (e.g., cost sharing). To qualify for ConnPACE in 2008, income is limited to \$23,700 for single individuals and \$31,900 for married couples. When calculating an applicant’s available income, DSS deducts any Part B premiums paid (\$96.40 per month in 2008). There is no asset test in the ConnPACE program.

### ***Medicare Part D Low-Income Subsidy***

People who have low incomes are eligible for help paying their Part D premiums, co-payments, and costs during the coverage gap (“donut hole”).

ConnPACE helps these residents if they meet that program’s income limits by paying the donut hole coverage, Part D premiums, and limiting the co-payment amount to no more than \$16.25 per prescription (unless the Part D plan’s co-payment is less).

People who qualify for the MSP programs are automatically eligible for federal help with coinsurance, or Low-Income Subsidies (LIS). These individuals pay no Part D plan premiums or deductibles, and pay \$1.05 or \$2.25 for generic drugs and \$3.10 or \$5.60 for brand-name

drugs, depending on their income. If these individuals live in nursing homes, they pay no co-payments.

If individuals apply for the LIS through their state's Medicaid program, Medicaid must also screen for eligibility for the MSP. The Social Security Administration (SSA) actually administers the LIS, but it does not screen for MSP eligibility. The federal Medicaid agency shares the SSA information on who qualifies for LIS with state Medicaid agencies to help states screen individuals for full Medicaid or MSP benefits.

### **COMMITTEE ACTION**

Human Services Committee

Joint Favorable Change of Reference

Yea 19 Nay 0 (03/13/2008)

Appropriations Committee

Joint Favorable Substitute

Yea 54 Nay 0 (03/28/2008)